ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

OF

GRABI CHEMICAL S.P.A.

GENERAL SECTION OF THE FINAL DOCUMENT

(Redacted Version)

Revision	Approval	Nature of the Amendment
Rev. no. 0	*Board of Directors' Resolution of December 15, 2020*	*Adoption*
Rev. no. 1	*Board of Directors' Resolution of December 16, 2021*	*Update: Adoption of the Syngenta Group's Code of Conduct and its related Annex and inclusion of UNI ISO 45001:2018 Certification.*

TABLE OF CONTENTS OF THE GENERAL SECTION

GENERAL SECTION

1. THE ADMINISTRATIVE LIABILITY OF COMPANIES FOR THE COMMISSION OF OFFENCES PURSUANT TO LEGISLATIVE DECREE NO. 231/2001 AND ITS EVOLUTION

1.1. Legislative Decree no. 231 of June 8, 2001

Legislative Decree no. 231/2001 of June 8, 2001, governing the "*Regulation of administrative liability of legal persons, companies and associations including those without legal personality*" (hereinafter also "**Decree**"), in implementing the delegated powers conferred pursuant to Law no. 300 of September 29, 2000, has introduced a system of administrative liability for entities, comparable to criminal liability, in the event that certain specific offences are committed in the interest or to the benefit of the entities by:

a) persons who carry out functions of representation, administration or management of the Entity or one of its financially and operationally independent organisational units, and also by persons who exercise, (also *de facto)* management and control powers over the Entity (so-called ***Senior Managers***)[1];
b) persons subject to the management or supervision of one of the subjects specified above (so-called ***persons in subordinate positions***).

The old principle *societas delinquere non potest*[2] has thus been overcome and an autonomous responsibility of the legal entity has been established.

As regards the recipients of the new form of liability, the Decree specifies that these are "entities with legal personality, companies and associations, including those without legal personality". On the other hand, excluded from the list of recipients are the State, public territorial entities (Regions, Provinces, Municipalities and Mountain Communities), non-economic public entities and, in general, all entities that perform functions of constitutional relevance (Chamber of Deputies, Senate of the Republic, Constitutional Court, General Secretariat of the Presidency of the Republic, CSM, CNEL).

1.2. Predicate offences

In order to establish administrative liability pursuant to the Decree, in Section III of Chapter I of the Decree, only specific types of offences (the so-called predicate offences[3]) are identified as relevant, as better described in **Annex no. 1**.

1.3. Sanctions

Pursuant to art. 9 of the Decree, the sanctions applicable to the entities, following the commission of

[1] Members of the management and control bodies of the Entity can be qualified as senior managers, regardless of the system chosen among those provided for by the Legislator (sole director, board of directors, joint or separate management). In addition to the directors and auditors, in accordance with article 5 of the Decree, the so-called "senior management" also includes the general manager, the executive managers with financial and functional autonomy, as well as the managers of the secondary offices and sites/premises, who can also assume the status of "employers" in accordance with the current workplace health and safety regulations. These persons may be linked to the company either by a subordinate employment relationship, or by other private relationships (e.g. mandate, agency, institutive appointment, etc.).

[2] It was excluded that a company could appear as a defendant in a criminal proceedings.

[3] The list of predicate offences pursuant to the Decree is constantly expanding. While, on one hand, there is a strong push by the European Union bodies, on the other hand, also at a national level, numerous bills have been submitted aimed at including additional types of offences.

the crime are:

i. fines: they have an afflictive (sanctioning) and non-compensatory nature, are calculated on the basis of a quota system (in a number no less than one hundred and no more than one thousand), are determined by the judge on the basis of the seriousness of the fact and the degree of responsibility of the entity, the activity carried out by the entity to eliminate or mitigate the consequences of the unlawful act and to prevent the commission of further offences. The amount of each quota ranges from a minimum of €258.23 to a maximum of €1,549.37 and is determined by the judge taking into consideration the economic and patrimonial conditions of the entity. The amount of the fine, therefore, is determined by multiplying the first factor (number of quotas) by the second factor (amount of the quota).
ii. disqualification sanctions: (Article 9, paragraph 2):
    - disqualification from carrying out the activity;
    - suspension/withdrawal of authorisations, licenses or concessions that facilitate the commission of the offence;
    - prohibition on contracting with the Public Administration except to obtain the performance of a public service; this prohibition may also be limited to certain types of contracts or to certain Public Administrations;
    - exclusion from credit facilities, loans, grants or subsidies and the revocation, as appropriate, of those already granted;
    - prohibition from advertising goods or services;
iii. forfeiture (mandatory penalty consequent to any conviction);
iv. publication of the judgement.

Disqualification sanctions have the characteristic of limiting or conditioning the company's activity, and in the most serious cases they even paralyze the company (disqualification from exercising the activity); they also have the purpose of preventing behaviors connected to the commission of crimes.
These sanctions are applied, as mentioned, in the cases expressly provided for by the Decree when at least one of the following conditions applies:

a) the entity has gained a significant profit from the crime and the crime was committed by senior management or by persons subject to the direction of the latter and, in this case, the commission of the crime was determined or facilitated by serious organizational deficiencies,
b) in case of repetition of the offence.

Disqualification sanctions have a duration of no less than three months and no more than two years; the permanent application of disqualification sanctions is possible in the most serious situations described in Article 16 of the Decree.
It must be pointed out that the Decree provides, in Article 15, that instead of the application of the disqualification sanction that determines the interruption of the entity's activity, if particular conditions are met, the judge can appoint a commissioner for the prosecution of the entity's activity for a period equal to the duration of the disqualification sanction.
It seems appropriate to mention that Article 45 of the Decree provides for the application of the disqualification sanctions indicated in Article 9, paragraph 2, also as a precautionary measure when

there are serious grounds for believing that the entity is responsible for an administrative offence dependent on a crime and there are well-founded and specific elements that suggest that there is a concrete danger that offences of the same nature as the one for which there a proceeding is pending may be committed.

Finally, it should be noted that the Judicial Authority can also order:

- the preventive seizure of things which can be confiscated (Article 53);
- the conservative seizure of the movable and immovable property of the Entity if there are well-founded reasons to believe that the guarantees for the payment of the fine, the costs of the proceedings or other sums due to the State are missing or are dispersed (Article 54).

2. THE ADOPTION AND IMPLEMENTATION OF AN ORGANISATION, MANAGEMENT AND CONTROL MODEL INVOLVING THE ENTITY'S EXEMPTION FROM ADMINISTRATIVE LIABILITY PURSUANT TO ARTICLE 6 OF LEGISLATIVE DECREE NO. 231/2001

2.1. The Decree's provisions

In Articles 6 and 7 of the Decree, the Legislator has recognised specific forms of exemption of Entities from administrative liability.

Specifically, Article 6, paragraph 1, requires that where the offence is attributable to Senior Managers positions, the Entity shall not be held responsible if it can prove the following:

a) it has adopted and effectively implemented – prior to the commission of the offence – a Management, Organisation and Control Model (hereinafter, "**Model**") appropriate at preventing offences such as those which occurred;
b) it has appointed an autonomous body with independent powers to monitor the operation of and compliance with the Model, and to ensure that it is continually updated (hereinafter also "**Compliance Office**" or "**CO**");
c) the offence was committed by fraudulently evading the measures provided for in the Model;
d) there was no failure or lack of supervision by the Compliance Office.

The content of the Model is identified by Article 6 which provides – in paragraph 2 – that the Entity must:

i. identify the activities that are subject to the risk of commission of the offences mentioned in the Decree;
ii. provide for specific protocols to plan the process of formation and implementation of the Entity's decisions relating to the offences required to be prevented;
iii. identify methods for managing financial resources suitable to preventing the commission of such offences;
iv. impose obligations to report to the Compliance Office;
v. introduce a disciplinary system with penalties for failure to implement the measures indicated in the Model.

An appropriate Model must also provide for

a) one or more channels that allow the persons indicated in article 5, paragraph 1, letters a) and b), to submit, in order to protect the integrity of the entity, detailed reports of unlawful conduct, relevant under the Decree and based on precise and consistent factual elements, or violations of the Model of the entity, of which they have become aware by reason of the functions performed; these channels guarantee the confidentiality of the reporter's identity of in the management activities of the report;
b) at least one alternative reporting channel suitable for guaranteeing, by electronic means, the confidentiality of the reporting person's identity;
c) the prohibition of retaliatory or discriminatory acts, direct or indirect, against the reporter for reasons directly or indirectly related to the report;
d) in the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against those who violate the measures for the protection of the reporter, as well as against those who make reports with malice or gross negligence that turn out to be unfounded.

In the case of persons in subordinate positions, the adoption and effective implementation of the Model means that the Entity shall be held liable only where the offence has been facilitated by non-compliance with applicable management and supervisory obligations (combined reference to paragraphs 1 and 2 of Article 7.
Paragraphs 3 and 4 below introduce two principles which, although belonging to the context of the aforementioned provision, appear relevant and indeed decisive in the context of the Entity's exemption from liability for both offences referred to in Section 5, letter a) and b). In particular, it is envisaged that:

- the Model must draw up appropriate measures both to ensure that the relevant activities are pursued in accordance with law, and also to ensure that risk situations may be promptly revealed or discovered, in light of the type of activity carried out by the organisation as well as its nature and size;
- the effective implementation of the Model is conditional on its periodic review and amendment in circumstances where significant infringements of legislative provisions have been discovered or significant regulatory or organisational changes have taken place; the existence of an adequate disciplinary system is also relevant (a precondition already envisaged, indeed, by letter e), *sub* Article 6, paragraph 2).

As it is known, from a formal point of view, the adoption and effective implementation of a Model is not mandatory but rather optional for Entities, which may in fact decide not to actively comply with the Decree's provisions without – for this reason alone – incurring any sanction. However, the adoption and effective implementation of a suitable Model is, for Entities, an essential precondition for being able to avail of the legislative exemption from liability pursuant to the Decree.
Furthermore, crucially, the Model is not to be regarded as a static tool but, rather, a dynamic means to enable the Entity to eliminate – by its accurate and targeted implementation over time – any shortcomings which were not identified or identifiable when it was first drawn up.

2.2. The integration of the provision: The Guidelines of the Trade Associations and the best practices that inspired the Decree

The Legislator – aware of the radical change related to the adoption of the Decree which, in fact, overturns the traditional principle *societas delinquere non potest* – has deemed it important to specify, in paragraph 3 of Article 6, that Models may be adopted on the basis of codes of conduct, drawn up by Trade Associations representing Entities, and submitted to the Ministry of Justice which may, as necessary, formulate observations.

In doing so, the legislator intended to provide the entities concerned with specific "guidelines", aprioristically considered to be correct and corresponding to the purposes of the regulations in question, to which they should adhere in drawing up their "models".

Confindustria (Italian Employers' Federation) was first Association to draw up a document to assist in the creation of organisation and control models. It issued its Guidelines in March 2002, which were partially modified and updated in May 2004 and then subsequently in March 2008 and, most recently, in and March 2014 (hereinafter also the "**Guidelines**")[4].

As it is evident, the Guidelines consider as relevant the effective implementation of preventive measures as a parameter of reference for compliance with the Decree and this is regardless of the "name" that should be given to this control system (whether it called "model" or "manual" or "procedures" or in any other way).

3. THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF GRABI CHEMICAL PURSUANT TO ARTICLE 6 OF THE DECREE

3.1. Grabi Chemical S.p.A. and its *mission*

Grabi Chemical S.p.A. (hereinafter, in short, "**GRABI CHEMICAL**" or the "**Company**") is a company wholly controlled by Valagro S.p.A., a leader in the production and marketing of fertilizers.

GRABI CHEMICAL is a company founded in 1995 which operates in the production and development of special biostimulants and bioactivators fertilizers for agriculture. The Company is the result of a combination of technical and business expertise developed in the agrochemical industry and, more generally, in the agricultural industry, which, ultimately, contributes to the creation of a dynamic organization.

Today GRABI CHEMICAL is a dynamic company active on the national and international market, focused

[4] All the versions of the Confindustria Guidelines were then deemed suitable by the Ministry of Justice (with reference to the Guidelines of 2002, cf. "Note of the Ministry of Justice" of 4 December 2003 and, in reference to the updated versions of 2004 and 2008, cf. "Note of the Ministry of Justice" of 28 June 2004 and the "Note of the Ministry of Justice" of 2 April 2008, and for the 2014 version cf. "Note of the Ministry of Justice" of 21 July 2014).

on satisfying the different needs that customers and different markets require with particular attention to new solutions regarding products and services that improve production in terms of quantity and quality of agricultural crops, also keeping into consideration the aspects of sustainability.

The quality management system adopted by GRABI CHEMICAL aims to enable and govern the process of internal improvement within the company so as to better meet the needs of customers, its employees while respecting existing regulations and by developing a relationships with its suppliers and to meet the expectations of the company members themselves.

For these reasons, GRABI CHEMICAL has identified some priority points and intends to:

- Maintain the quality system certified according to UNI EN ISO 9001:2015 by making the necessary assessments based on objective evidence and in compliance with the standards and regulations in use.
- Always have a productive sensitivity in meeting the needs of individual customers by customizing products and packaging.
- develop its own customers in the European foreign markets, also considering the American continent.
- To develop new products in the field of biostimulants and bio-activators.
- Maintain a focus on new opportunities that scientific research provides in the field of plant fertilization.
- To tighten collaborations and synergies with other partners in order to interact in a profitable way with Italian and European institutions.
- Maintain traceability of its products and their components.
- Maintain a close and qualified relationship with several suppliers of raw materials.
- To develop over time more and more appropriate skills for its employees and collaborators by promoting the mentality of continuous improvement and focusing on the person with his needs in addition to the business objectives to be achieved.
- Promote communication between the different stakeholders both inside and outside the organization using the available ITC technologies;
- Pay attention to the requests and needs that come from the agri-food chain with particular attention to the health and hygiene aspects of agricultural products.

The Company Management intends to pursue these objectives with determination and is also convinced that their achievement is possible to the extent that such objectives will be shared and participated in by all its collaborators, who will be made responsible in this regard.
Ultimately, an adequate response to the challenges posed by the growing quality requirements of today's market and the ability to "read the future" by keeping pace with the growing needs of businesses are the elements through which the development of the company can be realized.

The Company's mission is guaranteed by a system of corporate governance in line with the Company's size and structure (on this point, see chapter 4 below).

3.2. The activities preliminary to the adoption of the Company's Model. The activity performed by the Working Group and the requirements of the Model

GRABI CHEMICAL, always striving for improvement, has in any case formalized its Organizational Model after having carried out an analysis of the Company's entire organizational structure and its system of controls in order to verify its suitability for the prevention of relevant crimes.

In order to proceed with the drafting of this document, so that it would be representative of the existing Model, the Company planned to carry out an in-depth and complex analysis of the Company's organisation and activities.
The methodology followed by the Working Group in preparing the Model consisted of:

a) analyzing the preliminary documentation required to the Company (delegations and proxies, procedures, etc.);
b) identify the "key people" to carry out the necessary investigations with;
c) carry out interviews with "key people";
d) identify the areas of risk, sensitive activities and existing controls with reference to the specific areas identified and any aspects requiring improvement;
e) identify the possible ways in which offences may be committed.

In particular, with reference to **intentional offences:**

a) a detailed and complete list of the areas "**at risk of crime**" and/or of "**sensitive activities**" has been drawn up, namely of the sectors of the Company for which it has been considered abstractly existing, on the basis of the results of the analysis, the risk of committing offences theoretically referable to the category of so-called predicate offences, provided for by the Decree and relevant for the Company;
b) for each "area at risk of offence" and/or "sensitive activity", the types of **offences that can theoretically be committed** have been identified**;**
c) the so-called "**instrumental**" **areas** have been identified, namely the areas that manage financial instruments and/or substitute means that may support the commission of offences in the "areas at risk of offences";
d) the **controls in place**, whether or not formalized in company procedures, have been identified.

Moreover, **some of the possible ways of committing offences** considered as potentially relevant in the light of the risk assessment carried out have been identified (see Annex to the Special Part).
The result of the work carried out is reported in the present Model (General Section, Special Section and related Annexes).

3.3. The Model's structure

Once the aforementioned preparatory activities were concluded, the documents constituting the Model were planned and prepared.

Notably, the Company's Model consists of a General Section and a Special Section, as well as further

documents represent a number of control protocols, thus completing the picture.

The **General Section**, as well as describing the content of the Decree and the function of the Model, succinctly lists the following Protocols (hereinafter, "**Protocols**") which comprise the Model, in deference to the requirements of the Trade Associations involved:

- the governance model and the organisational system;
- the system of powers and delegations;
- the budget and management control system;
- manual and IT procedures;
- the Code of Ethics/of Conduct;
- the regulation of the Compliance Office;
- the Disciplinary System;
- communication and training;
- updating of the Model.

Furthermore, the following are attached to the General Section, being an integral part of the latter:

- **Annex no. 1 – List of predicate offences;**
- **Annex no. 2 – Group Code of Conduct and related Appendix;**
- **Annex no. 3 – Procedure for managing reports**.

The Special Section, on the other hand, has been structured in two parts:

- **Special Section A**, structured according to the so-called "area approach", which therefore contains as many sections (each named "Area at risk") as there are areas considered to be at risk of crime, and specific indications of the so-called "sensitive" activities that are carried out within these areas and all the types of offences considered applicable;
- **Special Section B**, concerning crimes of manslaughter and grievous or extremely grievous bodily harm committed in violation of the regulations on health and safety at work.

Specifically, the following have been highlighted within the **Special Section A**, also according to the abovementioned methodology:

i) the areas considered to be "subject to risk of offences" and the "sensitive" activities;
ii) the corporate functions and/or services and/or departments operating within the areas "subject to risk of offences" or in the context of the "sensitive" activities;
iii) the offences which could in theory be committed;
iv) the type of existing controls in the individual areas "subject to offence risk";
v) the conducts to be observed to help reduce the risk of commission of offences.

This Special Section must be read together with the relative Annex, which contains a description of the offences relevant for the Company and an indication of the possible ways in which such offences may be committed (see **Annex to the Special Section**). The above mentioned Special Section and the relevant Annex are an integral part of the Model.

In **Special Section B**, concerning the prevention of crimes related to Workplace Health and Safety, the following are indicated:

i) the risk factors existing in the context of the Company's business activities;
ii) the organisational structure of GRABI CHEMICAL related to to Workplace Health and Safety;
iii) the principles and standards of reference for the Company;
iv) the duties and tasks of each category of subject operating within the organisational structure of GRABI CHEMICAL in the area of Workplace Health and Safety;
v) the role of the Compliance Office in the area of Workplace Health and Safety;
vi) the principles informing the company procedures relating to Workplace Health and Safety.

4. THE GOVERNANCE MODEL AND ORGANISATIONAL STRUCTURE OF GRABI CHEMICAL

GRABI CHEMICAL's governance model and, in general, its entire organisational system is structured in such a way as to ensure the implementation of its activities and the achievement of its objectives

In fact, GRABI CHEMICAL's structure has been created taking into account the need to provide the company with an organization that guarantees maximum operational efficiency and effectiveness.

4.1. The governance model

OMITTED

4.2. The organizational structure and the intercompany service agreement

4.2.1. Definition of the Company's organisational chart and responsibilities

OMITTED

4.2.2. The intercompany service agreements

OMITTED

4.2.3. The organisational structure relating to Workplace health and safety, operational management and the safety monitoring system

As required by the Confindustria Guidelines and in compliance with the provisions of the Consolidated Act approved on May 1st, 2008, the Company has adopted a suitable corporate organisational structure in the area of workplace health and safety with a view to eliminating occupational risks for workers or (where this is not possible) reducing them to a minimum, and thus effectively managing them.

OMITTED

5. SYSTEM OF POWERS AND DELEGATIONS

5.1. General principles

OMITTED

5.2. The structure of powers and delegations in Grabi Chemical

OMITTED

6. INFORMATION TECHNOLOGY AND MANUAL PROCEDURES

OMITTED

7. THE BUDGET AND MANAGEMENT CONTROL

OMITTED

8. THE COMPLIANCE OFFICE

8.1. The appointment, composition and requirements of the Compliance Office

The Board of Directors of GRABI CHEMICAL, if it deems it necessary, has the right to appoint a monocratic Compliance Office composed of one external member who is an expert in legal matters and, in particular, in the field of Legislative Decree no. 231/2001 and internal controls or a collegial body composed of one internal member who is an expert in internal control systems and two external members who are experts in legal matters and in workplace health and safety/environmental matters.

OMITTED

In compliance with the Confindustria Guidelines, GRABI CHEMICAL's Compliance Office complies with the following requirements, which refer to the Office as such and characterise its activities:

- autonomy and independence: the Compliance Office shall have no operational duties which might be detrimental to its objective opinion and is not subject to any hierarchical and disciplinary power of any company body or function;
- professionalism: intended as the set of the tools and techniques required to carry out the duties assigned;
- continuity of action: the Compliance Office shall have an adequate *budget* and resources and shall carry out only supervisory activities so as to ensure the constant and effective implementation of the Model;
- integrity and no conflict of interest: as set forth by Law with as regards the directors and members of the Board of Statutory Auditors.

8.2 The cases of ineligibility and withdrawal

OMITTED

8.3 Term of office and grounds for termination

OMITTED

8.4. The resources of the Compliance Office

OMITTED

8.5. Duties and powers

OMITTED

8.6. Rules of the Compliance Office

After its appointment, the Compliance Office shall draft its own internal rules governing the actual execution of its action.

In particular, the following profiles must be governed by such rules:

a) type of verification and supervisory activities carried out;
b) type of activities related to updating of the Model;
c) activities related to fulfilment of the duties to inform and train the Recipients of the Model;
d) management of information flows to and from the Compliance Office;
e) the functioning and internal organization of the Compliance Office (calling meetings and decisions of the Body, drafting the minutes of meetings, etc.).

OMITTED

8.7. Information to the Compliance Office

All Company staff, including third parties who are required to comply with the Model, must immediately communicate to the Compliance Office any information concerning breach of the same.

OMITTED

Moreover, the Company has implemented, locally, a whistleblowing system that reflects the principles set out in the recent Law no. 179/2017, published in the Italian Official Gazette on December 14, 2017.

In particular, **the reports of violations of the Model and / or of illicit conduct**, relevant pursuant to the Decree, of which the reporters have knowledge due to the functions performed, must be substantiated and based on precise and concordant facts. The making of reports that are found to be groundless, carried out with intent or gross negligence on the part of the reporting party, is sanctioned according to the provisions of the Disciplinary System (see point 10 below).

In the course of the control activity, the Compliance office acts in such a way as to ensure that the subjects involved are not subject to retaliation, discrimination or, in any case, direct or indirect penalties, thus ensuring the confidentiality of the person making the report, except for the occurrence of any legal obligations.

In order to facilitate reporting by persons who become aware of violations of the Model and of the Code of Ethics/Conduct, including potential violations, or of conduct which could constitute an offence, the Company has set up a communication channel, namely a dedicated e-mail address odv@grabichemical.it. Reports may also be forwarded in writing, also in anonymous form, to the address: Compliance Office, c/o at the Company's registered office Via Arti e Mestieri, 8, 26030 Gadesco Pieve Delmona (CR) Italy.

Moreover, as a further alternative channel, any reports may be sent to the Company, by electronic means and in confidential and anonymous form, by connecting to the website www.grabichemical.it. Without prejudice to the guarantees due to employees on the basis of the regulations, any report relating to unlawful conduct which is relevant for the purposes of the Model, and which has been sent to the Company via the aforementioned reporting line shall be transmitted to the Compliance Office.

Pursuant to section 6 para. 2 ter of the Decree the adoption of discriminatory measures against the whistleblowers can be reported to the National Labor Inspectorate, for the measures within its jurisdiction, as well as by the reporting agent, also by the trade union organization indicated by the same.

Furthermore, according to section 6, para. 2 quater, the retaliation or discriminatory dismissal of the whistleblower is null. The change of duties pursuant to section 2103 of the Italian Civil Code, as well as any other retaliation or discriminatory measure adopted against the reporting party, are also null and void. In these cases, it is the employer's responsibility, in case of disputes related to the imposition of disciplinary sanctions, or demotions, layoffs, transfers, or subjection of the reporting to another organizational measure having negative effects, direct or indirect, on working conditions, following the presentation of the report, to demonstrate that these measures are based on reasons not related to the report itself.

8.8. Information from the Compliance Office to the Board of Directors

OMITTED

9. THE CODE OF ETHICS / OF CONDUCT

As required by the Guidelines adopted by the major trade associations, the Code of Ethics/of Conduct is one of the fundamental protocols for the creation of a valid Model pursuant to the Decree, in order to prevent the predicate offences set forth by the latter.

As of October 2020, GRABI CHEMICAL became part of the **Syngenta Group**, which adopted its own Code of Conduct ("**Code of Conduct**"), to which GRABI CHEMICAL complies. This Code establishes the

Group's commitment to act in an ethical and responsible manner, dictating a series of ethical principles to which each collaborator must conform and inspire their activities in the following areas:

- Compliance with applicable regulations;
- Competition rules;
- Bribery;
- Securities Trading;
- Health and safety and the environment;
- Advertising sales and marketing;
- Offering and accepting gifts, services and entertainment;
- Political Contributions;
- Support for political initiatives;
- Operating in regions of conflict;
- Animal Testing;
- Contractual obligations and standards in documentation;
- Conflicts of interest;
- Environmental impact;
- Biological Diversity;
- Community;
- Stakeholder communications;
- Research and development;
- Safety, quality, and ethical and responsible product stewardship;
- Resource protection;
- Intellectual Property Rights;
- Workers' rights;
- Discrimination and harassment;
- Diversity.

In addition, GRABI CHEMICAL has prepared an Appendix to the Code of Conduct of the Syngenta Group ("**Appendix**") aimed at providing for additional principles of conduct in order to prevent the crimes provided for by the Italian regulations set forth in Legislative Decree 231/2001 ("**Decree**").

i) The Appendix consists of three sections: in the first one, the Recipients of the aforementioned Code are indicated;
ii) the second section sets out the rules of conduct laid down for the Recipients;
iii) the third section regulates the communication, training and implementation of this Appendix and the related monitoring and control.

10. GRABI CHEMICAL DISCIPLINARY SYSTEM

10.1. Development and adoption of the Disciplinary System

Pursuant to sections 6 and 7 of the Decree, the Model is considered to be effectively implemented, for the purposes of excluding the Company's liability, if it includes a disciplinary system to punish non-compliance with the measures set forth therein.

GRABI CHEMICAL has therefore, adopted a disciplinary system (hereinafter referred to as the "**Disciplinary System**") that primarily aims at penalizing all and any breach of the principles, regulations and measures set forth by the Model and the Protocols thereof, in accordance with National Collective Bargaining rules, and the provisions of the law or applicable regulations.

Pursuant to this Disciplinary System, penalties shall be applied, in the case of breach of the Model and its Protocols by persons in "senior" positions – given that they hold representation, administrative or management functions of the Company or a financially and operationally independent organizational unit of the same , or hold power, even if only de facto, for the management or control of the Company – as well as breach by persons under the management or supervision of others or who act in the name and/or on behalf of GRABI CHEMICAL.

In accordance with the provisions of the Confindustria Guidelines, the establishment of a disciplinary procedure and application of the relevant penalties are irrespective of filing a criminal proceeding and the results thereof relating to the same conduct punishable by the Disciplinary System.

10.2. The structure of the Disciplinary System

The Disciplinary System together with the Model, of which it constitutes one of the main protocols, is delivered, even by e-mail or on electronic media, to persons in senior positions and employees.

10.2.1. The recipients of the Disciplinary System

Senior managers

OMITTED

Employees

OMITTED

Other persons who are required to comply with the Model (Third Party Recipients)

This Disciplinary System also applies penalties for breach of the Model by persons other than those indicated above.

More specifically, these are persons (hereinafter jointly referred to as '**Third Party Recipients**') who do not hold a 'senior' position as specified above and who are in any case required to comply with the Model because of their function with respect to the corporate and organisational structure of the Company, for example because they are operationally subject to the management or supervision of a Senior Manager or because they work, directly or indirectly, for GRABI CHEMICAL.

This category may include:

- all those who have a non-employment relationship with GRABI CHEMICAL (e.g., contractors and subcontractors, agents, brokers, distributors, freelancers, consultants, workers on agency staff leasing, employees under service contracts);
- the members of the Board of Statutory Auditors/the Sole Auditor;
- the individuals working for the appointed auditing firm (hereinafter also referred to as the "Auditor") to whom GRABI CHEMICAL may delegate the task of accounting control;
- collaborators in any capacity;
- representatives, agents and anyone acting in the name and/or on behalf of the Company;
- the parties to whom they are assigned, or who perform, specific functions and duties in the field of Workplace Health and Safety;
- contractors and partners.

10.2.2. Conduct subject to the application of the Disciplinary System

Pursuant to this Disciplinary System, and in compliance with the provisions set forth by collective bargaining agreements, all and any omissive or commissive behaviour (including negligence) that in any way damages the efficiency of the same as tool to prevent the risk of committing significant crimes pursuant to the Decree, shall be intended as breach of the Model.

Below are the possible violations, graded according to an increasing order of seriousness, in compliance with the constitutional principle of legality, as well as the proportionality of the sanction.

In particular, the following behaviour is considered to be significant for all the Special Sections (except for Special Section B):

1) failure to comply with the Model, in the case of violations, which must be identified as minor breaches of one or more of the provisions provided for in the Model or in the Company's Code

of Ethics/Conduct; or in the case of breach relating to "sensitive" activities under the "instrumental" areas identified within Special Sections A, and provided that none of the conditions set forth in subsequent paragraphs 3 and 4 apply;

2) failure to comply with the Model, in the case of violations, which must be identified as major breaches of one or more of the provisions provided for in the Model or in the Company's Code of Ethics/Conduct; or in the case of breach relating to "sensitive" activities under the "instrumental" areas identified within al the Special Sections (except for Special Section B), and provided that none of the conditions set forth in subsequent paragraphs 3 and 4 apply;

3) failure to comply with the Model, in the case of violations, which must be identified as very serious breaches of one or more of the provisions provided for in the Model or in the Company's Code of Ethics/Conduct; or in the case of violations capable of integrating the sole fact (objective element) of one of the crimes provided for in the Decree;

4) failure to comply with the Model, in case of violations of one or more provisions set out in the Model or in the Company's Code of Ethics/Conduct that irreparably damage the relationship of mutual trust and do not allow the continuation of working relationships; or in case of violations aimed at committing one of the crimes provided for by the Decree, or in any case there is a risk that the Company may be held liable pursuant to the Decree;

5) failure to comply with the reporting procedure provided for by the Model, with particular reference to the violation of the measures for the protection of the reporter provided for by the Model itself, as well as making reports with malice or serious negligence that turn out to be unfounded.

Moreover, possible cases of breach concerning the workplace health and safety area (Special Section B) are also defined, in increasing order of seriousness:

6) failure to comply with the Model, if such breach determines a situation of real danger to the physical integrity of one or more persons, including the person responsible for such breach, and provided that none of the conditions set forth by points 7, 8 and 9 hereunder apply;

7) failure to comply with the Model, if such breach causes an injury to the physical integrity of one or more persons, including the person responsible for such breach, and provided none of the conditions set forth by points 8 and 9 hereunder apply;

8) failure to comply with the Model, if such breach causes a physical injury classed as "serious" pursuant to section 583, paragraph 1, of the criminal code, to the physical integrity of one or

more persons, including the person who commits such breach, and provided none of the conditions set forth by point 9 hereunder applies;

9) failure to comply with the Model, if such breach causes an injury, classed as "very serious" pursuant to section 583, paragraph 1, of the criminal code, to the physical integrity, or the death, of one or more persons, including the person responsible for such breach.

10.2.3. The penalties

For each of the significant conducts, the Disciplinary System provides the penalties that may theoretically be applied to each category of persons who are required to comply with the Model.

In any case, for the application of sanctions must take into account the principles of proportionality and appropriateness to the offence, as well as the following circumstances:

a) the seriousness of the conduct or event that the latter determines;
b) the nature of the breach;
c) the circumstances in which the conduct developed;
d) the level of wilful misconduct or degree of guilt.

The following elements are taken into account in terms of increasing the penalty:

i) if more than one breach is committed within the same conduct, in which case the penalty applicable to the most serious breach will be increased;

ii) the participation of several persons in committing the breach;

iii) if the person who commits the crime is a repeat offender.

Penalties against Senior Managers
OMITTED

Penalties against Employees
OMITTED

Penalties against Third Party Recipients
In the cases of breach set forth by paragraph 10.2.2. by a Third Party Recipient, the following penalties could be applied:

- a formal warning to promptly comply with the Model, under penalty of applying the sanction indicated below or suspension or termination of the contractual relationship with the Company;
- application of a penalty, conventionally provided;
- the suspension of the existing contractual relationship and of the payment of the related amounts;
- the immediate termination of the contractual relationship with the Company.

Contractual clauses and penalties provided by contract could be modify according to the kind of subjects qualified as Third Party Recipients (as the case it acts in name and on behalf of the Company or not).

In particolare:

a) in the cases of breach set forth by points 1), 2), 6) and 7) of paragraph 10.2.2., the penalty will be a warning or the conventional penalty or termination, according to the seriousness of the breach;
b) in the cases of breach set forth by points 3) and 8) of paragraph 10.2.2., the penalty will be the conventional penalty or termination;
c) in the cases of breach set forth by points 4) and 9) of paragraph 10.2.2., the penalty will be termination.

With reference to the violation referred to in no. 5) of paragraph 10.2.2. that is, failure to comply with the reporting procedure provided for by the Model with particular reference to the violation of the reporting measures envisaged by the Model itself and the execution of malice or gross negligence of reports that prove to be groundless, the above sanctions will apply, depending on the severity of the conduct.

If the cases of breach set forth by paragraph 10.2.2. are committed by contractors or workers under tender contracts for works or services, the penalties will be applied, once the breach has been ascertained, against the contractor or sub-contractor.

In relations with Third Party Recipients, the Company includes specific clauses in the engagement letters and/or agreements providing the application of the above measures in the case of breach of the Model.

10.2.4. The application of penalties

OMITTED

11. COMMUNICATION AND TRAINING RELEVANT TO THE MODEL AND PROTOCOLS

11.1. Communication and involvement as regards the Model and relevant Protocols

OMITTED
In the case of Third Party Recipients who are required to comply with the Model, a summary of the same is available on request and/or published on the website.

In the latter case, in order to formalize the commitment to comply with the principles of the Model and relevant Protocols by Third Parties Recipients, a clause will be included in the reference contract, or in the case of existing contracts, the same will be asked to sign a specific supplementary agreement.

OMITTED

11.2. Training activities related to the Model and relevant Protocols

OMITTED

12. UPDATING THE MODEL

OMITTED

ANNEX 1: PREDICATE OFFENCES

Below is a summary of the categories of relevant offences pursuant to the Decree from the commission of which the administrative responsibility of the Entity may arise.

As first, Sections 24 and 25 of the Decree establish liability for **offences committed against the Public Administration**, namely:

- fraud against the State or other public body (Article 640, paragraph II, no. 1, Criminal Code);
- aggravated fraud to obtain public funds (Article 640-bis, Criminal Code);
- computer fraud against the State or other public body (Article 640-ter, Criminal Code);
- corruption in the exercise of official functions (Articles 318 and 321, Criminal Code);
- corruption for an act contrary to official duties (Arts. 319 and 321, Criminal Code);
- corruption in judicial proceedings (Articles 319-ter and 321, Criminal Code);
- incitement to bribery (Article 319-quater, Criminal Code);
- inducement to corruption (Article 322, Criminal Code);
- corruption of persons performing a public service (Articles. 320 and 321, Criminal Code);
- embezzlement, extortion, undue induction to give or promise benefits, corruption, incitement to corruption of members of International Courts, European Union Bodies, International Parliamentary Assemblies, International Organizations and of Officials of the European Union and of Foreign States (Article 322-bis, Criminal Code);
- extortion (Article 317, Criminal Code);
- embezzlement to the detriment of the State or other public body (Article 316-bis, Criminal Code);
- misappropriation of contributions, funding or other disbursement by a public body (Article 316-ter, Criminal Code);
- influence peddling (Article 346-bis, Criminal Code);
- fraud in public supplies (Article 356, Criminal Code);
- fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2, Law 898/1986);
- embezzlement (Article 314, paragraph 1, Criminal Code);

- embezzlement through profit from errors of others (Article 316, Criminal Code);
- abuse of office (Article 323, Criminal Code).

Section 25-bis of the Decree – introduced by Section 6 of Law no. 409 of 23 September 2001 – refers, then, to the **offences of counterfeiting of currency, cards and bearer's coupons issued by Governments or authorised Institutes and revenue stamps**, amended by Legislative Decree no. 125 of 27 July 2016:

- counterfeiting currency, spending and introducing counterfeit currency into the State, by agreement (Article 453, Criminal Code);
- altering currency (Article 454, Criminal Code);
- spending and introducing into the State counterfeit currency, other than by agreement (Article 455, Criminal Code);
- spending counterfeit currency received in good faith (Article 457, Criminal Code);
- counterfeiting of revenue stamps, introducing into the State, purchasing, possessing or putting into circulation counterfeit revenue stamps (Article 459, Criminal Code);
- forgery of watermarked paper in use in order to manufacture public currency/credit notes or revenue stamps (Article 460, Criminal Code);
- producing or possessing watermarks or instruments designed for the counterfeiting of currency, revenue stamps or watermarked paper (Article 461, Criminal Code);
- using forged or altered revenue stamps (Article 464, paragraphs 1 and 2, Criminal Code).

A further important category of offences involving the administrative liability of the Entity are **corporate crimes**, a category governed by Section 25-ter of the Decree, introduced by Legislative Decree no. 61 of 11 April 2002, which identifies the following categories, as amended by Law no. 262 of 28 December 2005, Law no. 190/2012, Law no. 69 of May 27, 2015, Law. No. 38/2017 and by Law no. 3/2019:

- false corporate communications (Article 2621, Civil Code, in its new formulation as provided by Law no. 69 of May 27, 2015);
- false corporate communications of listed companies (Article 2622, Civil Code, in the new formulation provided by Law no. 69/2015);
- minor events ("fatti di lievi entità" Article 2621 bis, Civil Code);

- false statement in a prospectus (Article 2623, Civil Code, repealed by Article 34 of Law no. 262/2005 which, however, introduced Section 173-bis of Legislative Decree no. 58 of 24 February 1998)[5];
- falsification in reports or communications of audit firms (Article 2624, Civil Code)[6];
- obstructing auditors in the course of their duties (Article 2625, Civil Code);
- improper refund of contributions (Article 2626, Civil Code);
- illegal distribution of profits and reserves (Article 2627, Civil Code);
- unlawful operations on the shares or quotas of the company or parent company (Article 2628, Civil Code);
- transactions to the detriment of creditors (Article 2629, Civil Code);
- failure to disclose conflicts of interest (Article 2629-bis, Civil Code);
- fictitious formation of capital (Article 2632, Civil Code);
- improper distribution of corporate assets by liquidators (Article 2633, Civil Code);
- **corruption in private sector** (Article 2635, paragraph 3, Civil Code as amended by Law No. 190/2012);
- **inducement to corruption among private individuals** (Article 2635-bis, Civil Code introduced by the Legislative Decree no. 38/2017);
- exerting unlawful influence on Shareholder Meetings (Article 2636, Civil Code);

[5] Article 2623 of the Civil Code (False statement in a prospectus) has been repealed by Law 262/2005, which reproduced the same offence category by the introduction of Section 173-bis of Legislative Decree no. 58 of 24 February 1998, (hereinafter also the Consolidated Law on Finance (*Testo Unico della Finanza*, TUF). This new criminal law provision is not currently among the offences referred to by Legislative Decree no. 231/2001. One branch of legal scholarship, however, considers that Article 173-bis TUF, though not referred to by Legislative Decree 231/2001, is of relevance to the administrative liability of Entities since it must be deemed to be continuous, from a regulatory point of view, with the previous Article 2623 of the Civil Code. The case law, however, has taken a contrary view - although in relation to the different offence referred to in Article 2624 of the Civil Code (Falsification in reports or communications of audit firms) [see following note] - considering this offence no longer to be a source of liability pursuant to Legislative Decree 231/2001 and relying on the legality of the provisions contained in the Decree. Given the absence of any special ruling on Article 2623, analogous to that which occurred in respect of Article 2624, it has been decided as a precaution to give theoretical consideration to the offence in the Model.

[6] Note that Legislative Decree no. 39 of 27 January 2010, (Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, which amends EEC Directives 78/660 and 83/349 and repeals EEC Directive 84/253), which entered into force on 7 April 2010, repealed Article 2624 of the Civil Code - Falsification in reports or communications of audit firms - and reinserted this offence category within the aforementioned Legislative Decree no. 39/2010 (Article 27) which, however, is not referred to by Legislative Decree no. 231/2001. The United Chambers of the Supreme Court of Cassation, in its judgment no. 34776/2011, decided that the offence category of falsification in audits already provided for by Article 2624 of the Civil Code can no longer be considered a source of liability for offences committed by Entities, since the aforementioned article was repealed by Legislative Decree no. 39/2010. The Court has highlighted that the legislative intervention which reformed the field of accounting audits was intended to remove offences committed by independent auditors from the sphere of application of Legislative Decree no. 231/2001 and that, therefore, based on the principle of legality that governs it, it had no choice but to conclude that the offence of falsification in audits had, in essence, been abolished.

- manipulation of stock market transactions (Article 2637, Civil Code, as amended by Law no. 62 of 18 April 2005);
- hindering public supervisory authorities in the exercise of their functions (Article 2638, Civil Code, as amended by Law no. 62/2005 and by Law no. 262/2005).

The reform did not end there, and Law no. 7 of 14 January 2003 introduced **Section 25-quater**, which further extends the field of application of the administrative liability of Entities to **crimes aimed at terrorism and subversion of the democratic order** provided for by the Criminal Code and by special laws.

Subsequently, Law no. 228 of 11 August 2003, then amended by the Law no. 199/2016, introduced **Section 25-quinques**, by which Entities are liable for the commission of **crimes against persons**:

- reduction to or maintenance in slavery or servitude (Article 600, Criminal Code);
- trade and commerce in slaves (Article 601, Criminal Code);
- purchase and sale of slaves (Article 602, Criminal Code);
- juvenile prostitution (Article 600-bis subsections 1 and 2, Criminal Code);
- juvenile pornography (Article 600-ter, Criminal Code);
- virtual pornography (Article 600-quarter.1 Criminal Code);
- sex tourism involving juvenile prostitution (Article 600-quinquies, Criminal Code);
- possession of pornographic material (Article 600-quater, Criminal Code);
- Illegal labour exploitation (Article 603-bis Criminal Code)
- Soliciting of underage persons (Article 609-undecies Criminal Code).

Law no. 62/2005, (the "*Legge Comunitaria*") and Law no. 262/2005, better known as the "Law on Savings", again expanded the number of offence categories relevant for the purposes of the Decree. **Section 25-sexies** was in fact introduced, relating to the **offences of market abuse:**

- misuse of privileged information (Section 184 of Legislative Decree no. 58/1998);
- market manipulation (Section 185, Legislative Decree no. 58/1998).

Law no. 7 of 9 January 2006, furthermore, introduced **Section 25-quater** of the Decree, which provides for the administrative liability of the Entity in cases of **infibulation** (**female genital mutilation** - Article 583-bis, Criminal Code).

Subsequently, Law no. 146 of 16 March 2006, which ratified the UN Convention and Protocols against transnational organised crime, adopted by the General Assembly on 15 November 2000, and 31 May 2001, provided that Entities would be liable for certain **offences of a cross-border nature**.

Offences are regarded as being cross-border in nature when an organised criminal group is involved and when a term of imprisonment is provided for as punishment amounting to no less than 4 years, and when - in terms of the location of the offence- the offence is committed in more than one State; it is committed in one State, but has substantial effects in another State; it is committed in one State, but a substantial part of its preparation or planning or management or control occurs in another State; it is committed in one State, but an organised criminal group is involved in that State which is engaged in criminal activities in more than one State.

The following are the offences in question:

- criminal association (Article 416, Criminal Code);
- mafia-type criminal association (Article 416-bis, Criminal Code);
- criminal association aimed at smuggling tobacco processed abroad (Section 291-quarter, Presidential Decree no. 43 of 23 January 1973);
- association for the purpose of illicit trafficking in narcotics or psychotropic substances (Section 74, Presidential Decree no. 309 of 9 October 1990);
- smuggling of migrants (Section 12, paragraphs 3, 3-bis, 3-ter and 5, Legislative Decree no. 286 of 25 July 1998);
- obstruction of justice, taking the form of inducement not to make statements, or to make false statements to the judicial authorities, and aiding and abetting (Article 377-bis and 378, Criminal Code).

The Italian Legislator updated the Decree by means of Law no. 123 of 3 August 2007 and, subsequently, through Legislative Decree no. 231 of 21 November 2007.

Section 25-septies of the Decree was introduced by Law no. 123/2007, subsequently replaced by Legislative Decree no. 81 of 9 April 2008, which provides for the liability of Entities for the offences of **manslaughter and serious or grievous injury committed in violation of workplace health and safety rules**:

- manslaughter (Article 589, Criminal Code), with breach of accident prevention and workplace health and safety rules;
- unpremeditated bodily harm (Article 590, paragraph 3, Criminal Code), with breach of accident prevention and workplace health and safety rules.

Legislative Decree no. 321/2007 introduced Section 25-octies of the Decree, by which the Entity is responsible for the commission of the offences of **handling stolen goods** (Article 648, Criminal Code),

money laundering (Article 648-bis, Criminal Code) and **use of money, goods or benefits of illicit origin** (Article 648-ter, Criminal Code).
Moreover, Law no. 186 of December 15, 2014, containing "*Provisions on the emersion and return of capital held abroad as well as for the strengthening of the fight against tax evasion. Provisions on self-money laundering*", introduced the new offence of **self-money laundering** (Article 648-ter 1 of the Italian Criminal Code) and, at the same time, established an increase in the penalties provided for the offence of money laundering and use of money, goods or other benefits of illicit origin.

Law no. 48 of 18 March 2008, introduced Section 24-bis of the Decree, which extends the liability of Entities to a number of so-called **computer crimes**:

- unauthorised access to a computer or electronic communications system (Article 615-ter, Criminal Code);
- unlawful tapping, obstruction or interruption of computer or electronic communications (Article 617-quater, Criminal Code);
- installation of equipment designed to tap, obstruct or interrupt computer or electronic communications (Article 617-quinquies, Criminal Code);
- damaging computer information, data or programs (Article 635-bis, Criminal Code);
- damaging computer information, data or programs used by the State or other public bodies or which are provided as a public service (Article 635-ter, Criminal Code);
- damaging computer or electronic communications systems (Article 635-quater, Criminal Code);
- damaging computer or electronic communications systems provided as a public service (Article 635-quinquies, Criminal Code);
- unauthorised holding and distribution of access codes to computer or electronic communications systems (Article 615, Criminal Code);
- distribution of equipment, devices or computer programs designed to damage or interrupt a computer or electronic communications system (Article 615-quinquies, Criminal Code);
- violation of rules concerning the National Perimeter of cybersecurity ("*Perimetro di sicurezza nazionale cibernetica*") (Article 1, paragraph 11, Decree no. 105 of 21 September 2019);
- electronic documents (Article 491-bis, Criminal Code).

The aforementioned provision (Article 491-bis, Criminal Code: *"if any of the acts of falsification provided for by this section relates to a public electronic document of probative value, the provisions of this section relating to public documents, respectively, will be applicable")* extends the provisions relating to falsification in an official document to acts of falsification in an electronic document; the following are the offences referred to:

- material falsification (*falsità materiale*) by a public official in official documents (Article 476, Criminal Code);
- material falsification (*falsità materiale*) by a public official in certificates or administrative authorisations (Article 477, Criminal Code);
- material falsification (*falsità materiale*) by a public official in certified copies of official or

private documents and in certificates attesting to the content of documents (Article 478, Criminal Code);
- false statement by a public official in official documents (Article 479, Criminal Code);
- false statement by a public official in certificates or in administrative authorisations (Article 480, Criminal Code);
- false statement in certificates by persons performing an essential public service (Article 481, Criminal Code);
- material falsification (*falsità materiale*) committed by a private individual (Article 482, Criminal Code);
- false statement by a private individual in an official document (Article 483, Criminal Code);
- falsification in register entries and notifications (Article 484, Criminal Code);
- falsification in a signed blank sheet. Public instrument (Article 487, Criminal Code);
- other acts of falsification in a signed blank sheet. Applicability of the provisions on material falsification (Article 488, Criminal Code);
- use of false documents (Article 489, Criminal Code);
- suppression, destruction and concealment of authentic instruments (Article 490, Criminal Code);
- authenticated copies that lawfully take the place of missing originals (Article 492, Criminal Code);
- falsification by public officials providing a public service (Article 493, Criminal Code);
- computer fraud by persons providing electronic signature certification services (Article 640-quinquies, Criminal Code).

Law no. 94 of 15 July 2009, containing provisions on public safety, introduced Section 24-ter and, hence, the liability of Entities for the commission of **organised crimes**[7]:
- criminal association for the purpose of reduction to slavery, trafficking in human beings or purchase or sale of slaves (Article 416, paragraph 6, Criminal Code);
- mafia-style criminal association (Article 416-bis Criminal Code);
- political-mafia electoral exchange (Article 416-ter, Criminal Code);
- kidnapping for ransom (Article 630, Criminal Code);
- crimes committed by exploiting conditions of subjugation and the code of silence arising from the existence of mafia-style conditioning; association aimed at illegal trafficking of narcotic or psychotropic substances (Section 74, Presidential Decree no. 309 of 9.10.1990);
- criminal offences of illegal manufacture, introduction into the State, offer for sale, sale, possession and transport to a public place or place open to the public of weapons of war or similar or parts thereof, of explosives, of illegal weapons as well as common firearms (Article 407, paragraph 2, letter a) no. 5 of the Code of Criminal Procedure).

Law no. 99 of 23 July 2009, containing rules in the area of the development and internationalisation of

[7] Previous to this, organised criminal offences were relevant for the purposes of the Decree only if they had a cross-border dimension.

companies, as well in the energy field, has expanded the offence categories of forgery provided for by Section 25-bis of the Decree, adding a number of offences which safeguard **industrial property**, namely:

- forgery, alteration or use of trademarks or distinguishing marks or patents, models and designs (Article 473, Criminal Code);
- introduction into the State and trade in products with false signs (Article 474, Criminal Code).

The same legislative intervention introduced Section 25-bis 1, whose aim was to establish the liability of Entities for **crimes against industry and commerce** as well as Section 25-novies, having the same purpose in relation to **copyright offences.**

Regarding the former, the following offences are of relevance:

- Disrupting the freedom of industry or trade (Article 513, Criminal Code);
- Unfair competition with threats or violence (Article 513-bis, Criminal Code);
- Fraud against national industries (Article 514, Criminal Code);
- Fraudulent trading (Article 515, Criminal Code);
- Sale of non-genuine food as genuine (Article 516, Criminal Code);
- Sale of industrial products with misleading signs (Article 517, Criminal Code);
- Manufacture and sale of goods produced by usurping industrial property rights (Article 517-ter, Criminal Code);
- Infringement of geographical indications or designations of origin for food products (Article 517-quater Criminal Code);

With reference to copyright protection, the following provisions are of relevance: Section 171, first paragraph, letter a-bis), and third paragraph, 171-bis, 171-ter, 171-septies and 171-octies of Law no. 633 of 22 April 1941.

Moreover, Section 4 of Law no. 116 of 3 August 2009 introduced **Section 25-decies**, whereby the Entity is liable for the offence provided for by Article 377-bis of the Criminal Code, namely **inducement not to make statements, or to make false statements to the judicial authorities.**

Subsequently, Legislative Decree 121/2011 introduced into the Decree a new provision, **Section 25-undecies**, which extended the administrative liability of Entities to so-called **environmental offences,** namely to two offences recently introduced in the Criminal Code (Articles 727-bis and 733-bis of the Criminal Code) and also to a series of offence categories already provided for by the so-called Environmental Code (Legislative Decree 152/2006) and by other special provisions safeguarding the environment (Law no. 150/1992, Law no. 549/1993, Legislative Decree no. 202/2007). Moreover, the **Law No. 68, dated May 22nd, 2015,** entered into force since May 29th, 2015 introduced the Chapter VI-bis in Book II of the Criminal Code, named "**Crimes against environment**". Signally the new crimes against environment, relevant also according to the Decree, are:

- Article 452 bis of the Criminal Code: environmental pollution;
- Article 452 quarter of the Criminal Code: environmental disaster;
- Article 452 quinquies of the Criminal Code: crimes against environment committed with negligence;

- Article 452 sexies of the Criminal Code: traffic and leave of highly radioactive materials;
- Article 452 octies of the Criminal Code: aggravating circumstances.

Legislative Decree no. 21/2018, concerning "*Provisions implementing the delegated principle of code reservation in criminal matters pursuant to article 1, paragraph 85, letter q), of Law no. 103 of June 23, 2017*", repealed article 260 of Legislative Decree 152/2016 by introducing a provision of similar content in the Criminal Code, article 452-quaterdecies (*Activities organized for the illegal trafficking of waste*).

Moreover, Legislative Decree 109/2012 was enacted in implementation of EC Directive 2009/52 which, *inter alia*, sanctioned the inclusion of **Section 25-duodecies**, providing as follows: "***Use of third-country nationals with irregular stay permit*** *– in relation to the commission of the criminal offence referred to in Section 22, paragraph 12-bis of Legislative Decree no. 286 of 25 July 1998, committed by an employer who employs foreign workers without a stay permit: in this case, the Entity is punishable by a fine between 100 and 200 quotas, up to the limit of € 150,000*".

Law no. 161/2017, entered into force on 19 November 2017, which has reformed the Anti-Mafia Code (Legislative Decree no. 159/2011), has amended the **Article 25-duodecies** of the Decree through the introduction of three new paragraphs, which provides two new offences relating to illegal immigration respectively provided by art. 12 paragraphs 3, 3 bis, 3-ter, and in art. 12, paragraph 5, of the *Testo unico sull'immigrazione* (Legislative Decree 286/1998). In particular:

- paragraph 1-bis establish that the Entity is punishable by a fine between 400 and 1000 quotas for the crime of transportation of irregular foreigners in the territory of the State, provided by the art. 12 – paragraphs 3, 3 bis and 3-ter of Legislative Decree 286/1998;
- paragraph 1-ter establish that the Entity is punishable by a fine between 100 and 200 quotas in relation to the crime of facilitation of illegal residence of foreign nationals in the territory of the State, provided by Art. 12, paragraph 5, Legislative Decree no. 286/1998;
- in case of conviction for the new offences introduced in paragraphs 1 bis and 1 ter of the same article, paragraph 1-quater establish the application of a disqualification penalties provided by art. 9, paragraph 2 of the Decree for not less than one year.

With this regulatory amendments, the Legislator has therefore extended the catalogue of predicate offences relevant for the purposes of the Decree, establishing the Entity's liability for crimes related to the conduct of those who **manage, organize, finance, carry out the transport of the foreigners in Italy or promote their permanence in order to obtain an unfair profit from such foreigner's illegal status.**

Article 5, paragraph 2, of Law no. 167 of 20 November 2017 (2017 European Law) introduced **Article 25 terdecies** into the Decree extending corporate liability to the crimes of **racism and xenophobia** provided for under Article 3, paragraph 3-bis, of Law no. 654 of 13 October 1975. This provision punishes instigation and incitement – carried out in such a way that there is an actual danger of spread – based in whole or in part on denial, serious minimization or apologia of the Shoah or crimes of genocide, crimes against humanity and war crimes, as defined by Articles 6, 7 and 8 of the Statute of the International Criminal Court, ratified under Law No. 232 of July 12, 1999.

Law no. 39 of May 3, 2019 implementing the Council of Europe Convention on the Manipulation of Sports Competitions introduced (see article 5, paragraph 1) **Article 25 quaterdecies**, which provides for the liability of entities in case of commission of the crimes of fraud in sports competitions and abusive exercise of gaming or betting activities – referred to respectively in articles 1 and 4 of Law no. 401 of December 13, 1989.

With reference to computer crimes, Decree Law no. 105 of September 21, 2019, containing Urgent provisions on the national cybersecurity perimeter, converted, with amendments, into Law no. 133 of November 18, 2019, inserted, in paragraph 3 of Article 24 bis of the Decree, the words "*and the crimes referred to in Article 1, paragraph 11, of Decree Law no. 105 of September 21, 2019*". As a consequence, the liability of entities is now provided for in the case that – In order to obstacle or condition the related proceedings or inspection and supervision activities – the company provides information, data or factual elements that are not true, relevant for (i) the updating of the lists of the networks information systems and IT services, (ii) for the communications required in cases of allocation of supplies of ICT goods, systems and services to be used on the networks, or (iii) for the performance of inspection and supervision activities, or fails to communicate such information, data or factual elements within the terms provided for by the same Decree Law no. 105/2019.

Law no. 157 of 19 December 2019, which converted with amendments Law Decree no. 124 of 26 October 2019, containing "*Urgent provisions on tax matters and for unfailing needs*", introduced into the Decree **Article 25-quinquiesdecies**, rubric "***Tax Offences***", which provides for the application of the following sanctions to the entity:

- for the crime of **fraudulent declaration through the use of invoices or other documents for non-existent transactions** pursuant to Article 2, paragraph 1 of Legislative Decree 74/2000, a fine of up to 500 shares. A reduced sanction (up to 400 quotas) is instead provided for the hypotheses referred to in the newly introduced paragraph 2-bis of the aforesaid regulation (i.e. where the amount of the fictitious passive elements is less than 100,000 euro);
- for the crime of **fraudulent declaration by means of other devices** pursuant to Article 3 of Legislative Decree 74/2000, the monetary sanction up to 500 quotas;
- for the offence of **issuing invoices or other documents for non-existent transactions** pursuant to Article 8, paragraph 1 of Legislative Decree 74/2000, the monetary sanction up to 500 quotas. A reduced sanction (up to 400 quotas) is instead provided for the cases referred to in the newly introduced paragraph 2-bis of the aforesaid regulation (i.e. where the amount not corresponding to the true amount indicated in the invoices or documents per tax period is less than 100,000 euro);
- for the crime of **concealment or destruction of accounting documents** pursuant to Article 10 of Legislative Decree 74/2000, the monetary sanction up to 400 quotas;
- for the crime of **fraudulent deduction from the payment of taxes** pursuant to Article 11 of Legislative Decree 74/2000, the monetary sanction up to 400 quotas.

Article 25 quinquiesdecies was then amended by Legislative Decree no. 75 of 14 July 2020, which -

transposing the EU Directive 2017/1371 on "*the fight against fraud affecting the financial interests of the Union by means of criminal law*" (the so-called "PIF Directive") – has introduced the following paragraph 1-bis: "*In relation to the commission of the crimes provided for by Legislative Decree no. 74 of 10 March 2000, if committed within the framework of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million euro, the following fines are applied to the institution:*
a) for the crime of unfaithful declaration provided for in Article 4, the monetary sanction up to three hundred shares;
b) for the crime of failure to make the declaration provided for in article 5, monetary sanctions of up to four hundred shares;
c) for the crime of undue compensation provided for in article 10-quater, the monetary sanction up to four hundred shares."

Finally, Legislative Decree no. 75 of 14 July 2020 introduced **Article 25 sexiesdecies** concerning **smuggling** and provided for the application of a fine of up to 200 quotas (or 400 quotas if the border fees due exceed € 100,000) in relation to the commission of the smuggling offences provided for in the Presidential Decree no. 43 of 23 January 1973.

One should note for completeness, furthermore, that Section 23 of the Decree punishes **non-compliance with disqualification sanctions**, which occurs if a penalty or precautionary disqualification pursuant to the Decree has been imposed on the Entity which, nevertheless, infringes or fails to comply with the obligations or prohibitions contained therein.